



## Consolidated Sales set Another Record in Q4 2005-2006

- **Q4 - 77.3 million Euros and year-on-year growth of 90%**
- **Full year – 262.8 million Euros and growth of 89%**
- **H2 operating margin expected to be close to 15% of sales**
- **Confident of outperforming forecasted market growth with initial guidance for sales of 400 million Euros in 2006-2007**

*Bernin, France, April 18, 2006* – Soitec (Euronext Paris), the leading manufacturer of silicon-on-insulator (SOI) wafers and other engineered substrates, today announced consolidated sales of 77.3 million Euros for the fourth quarter of its financial year 2005-2006. This gives full year total sales of 262.8 million Euros, which represents year-on-year growth of 89.2% and is fully consistent with the company's latest guidance. Sales for both the quarter and the full year set record levels, again illustrating the accelerating adoption of SOI by the semiconductor industry. Fourth quarter sales rose by 8.9% over the third quarter and the second half provided growth of 29.3% over the first half of the year equal to 25% at constant exchange rates.

Sales (Euros millions)	2005-2006	2004-2005	Growth
First quarter	51.2	32.6	+57.3%
Second quarter	63.4	33.8	+87.4%
Third quarter	70.9	31.9	+122.6%
<b>Fourth quarter</b>	<b>77.3</b>	<b>40.6</b>	<b>+90.1%</b>
<b>FY Sales</b>	<b>262.8</b>	<b>138.9</b>	<b>+89.2%</b>

Soitec's fiscal year runs from April 1 to March 31

### 300mm SOI Wafer Adoption Continues to Drive Record Sales

Sequential growth of 9.6% led to SOI wafer sales of 74.2 million Euros in the fourth quarter and 251.5 million Euros for the full year. This represents full year growth of 90%, or 85% at constant exchange rates, predominately driven by very strong 300mm volumes. Full year 300mm wafer sales increased 256% over the previous year to represent 60% of total wafer sales. Other wafer sizes, notably 200mm, also provided robust volume growth of 12.5%.

Picogiga sales and licensing revenues complete the Group's total consolidated sales. Picogiga's traditional market for RF applications contributed to sales growth with a very strong year-on-year

increase of 94.8% to 8.2 million Euros. The division continues, however, to be focused on product development such as LEDs for the high volume lighting market. Licensing revenue rose by 32.8% to 3.1 million Euros for the year, confirming Smart Cut™ as the industry's standard technology for the SOI market.

## **Improved H2 Operating Results**

The Group confirms that the higher sales in the second half will favourably impact the operating margin, which is confidently expected to be close to 15% for the second half of the year compared to 10% for the first half. The full year results will reflect the strong operating performance and the Group's bottom line will also benefit from the conversion of its 2004-2009 convertible with more than 72% of the issued bonds being converted as of the year end.

## **Strong Positive Outlook**

SOI demand continues to gain momentum across the semiconductor industry including the foundries with new applications such as game consoles and media rich content products for both the business computing and the mass consumer markets. This is illustrated by the strong commercial development of the company's main customers. The Group, confident of outperforming forecasted market growth, guides for consolidated sales based on the current exchange rate to be about 400 million Euros over the financial year 2006-2007. This anticipated growth will be accompanied by further increases in the installed 300 mm production capacity and an improvement to the Group's income resulting from operating leverage based on the sales growth. .

## **Recent Developments.**

Experiencing strong growth in its business, particularly in 300mm wafer demand and as SOI is used for 90nm processes and increasingly for 65nm and below by many of the major manufacturers, Soitec announced, on 14 March 2006, a strategic investment plan for the expansion of its production capacity to meet the anticipated growth in demand for its UNIBOND™ SOI wafer products manufactured using Soitec's proprietary Smart Cut™ process. Soitec plans to construct a new 300mm SOI wafer plant, timed to come on stream in line with the expected saturation of Bernin II. The size of the planned fab will allow for a capacity of 1 million wafer starts per year when fully equipped, in comparison to 720,000 wafer starts per year for Bernin II. The total investment for this new production fab including all production equipment necessary to reach full capacity is estimated to be approximately 350 million Euros.

On March 24, Soitec completed a public offering of shares that combined a capital increase with the sale of a small percentage of shares held by Messrs. André-Jacques Auberton-Hervé and Jean-Michel Lamure, founding shareholders of the Company. The offer was over subscribed and the placement with institutional investors was a complete success. For the Company, total gross proceeds from the issue amounted to 204.7 million Euros.

## Reporting Calendar

Full year results for 2005-2006 will be published on 9th May 2006 after the close of the Paris Stock Exchange.

## About The Soitec Group:

The Soitec Group is the world's leading innovator and provider of the engineered substrates that serve as the foundation for today's most advanced electronic products and nanotechnologies. Headquartered in Bernin, France, the company manufactures its comprehensive portfolio of engineered substrates, including silicon-on-insulator (SOI) and strained SOI (sSOI), using Soitec's proprietary Smart Cut™ technology—the de facto industry standard. With its strong global presence, patented technology and industry-leading production capacity, Soitec is helping to drive the performance and power advantages that are key to the smaller, more power efficient, and increasingly mobile electronic products favoured by consumers worldwide. Both shares and convertible bonds are listed on Euronext Paris. For more information, visit the company's website located at [www.soitec.com](http://www.soitec.com)

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